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CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

## INFORMATION REPORT

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COUNTRY

DATE DISTR.

25 January 1949

SUBJECT

China

Military Situation in Shanghai

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SUPPLEMENT TO REPORT NO.

- 25X1X6
- The Nationalist Government is still undecided whether to defend or abandon Shanghai. Comment. Possibly the city will be abandoned without a fight. Retreating soldiers may cause confusion and rioting and make a satisfactory defense impossible. At the same time the Communists, who are now very quiet, are expected to create confusion in Shanghai.)
  - 2. TANG En-po has 20,000 Nationalist troops in Shanghai now, and 40,000 additional troops are expected from Chekiang. Minor defenses are being constructed in the Shanghai area.
  - The Nationalists are expected to hold Pukow for two weeks and hold the Yengtze River line for two months.
  - The Communist occupation of Shanghai will be deferred until about 1 April 1949 because:
    - They have not decided how to handle the city after its surrender. They are not prepared to assume responsibility for a city that size.
    - Their losses at Hsuchou were heavy, and they are awaiting reinforcements.

The Yangtze River will be in flood for the next ten weeks, making it's defense easier.

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